

13 October 2015

Mr Hans Hoogervorst
Chairman
International Accounting Standards Board
30 Cannon Street
London EC4M 6XH
UNITED KINGDOM

Dear Hans,

AOSSG comments on IASB Exposure Draft ED/2015/7
Effective Date of Amendments to IFRS 10 and IAS 28

The Asian-Oceanian Standard-Setters Group (AOSSG) is pleased to provide comments on the IASB Exposure Draft (ED) *Effective Date of Amendments to IFRS 10 and IAS 28*. In providing this feedback, the AOSSG sought inputs from its constituents within each jurisdiction.

The AOSSG currently has 26 member standard-setters from the Asia-Oceania region: Australia, Brunei, Cambodia, China, Dubai, Hong Kong, India, Indonesia, Iraq, Japan, Kazakhstan, Korea, Macao, Malaysia, Mongolia, Nepal, New Zealand, Pakistan, Philippines, Saudi Arabia, Singapore, Sri Lanka, Syria, Thailand, Uzbekistan, and Vietnam.

To the extent feasible, this submission to the IASB reflects in broad terms the collective experiences of AOSSG members. Each member standard-setter may also choose to make a separate submission that is consistent or otherwise with aspects of this submission. The intention of the AOSSG is to enhance the input to the IASB from the Asia-Oceania region and not to prevent the IASB from receiving the variety of inputs that individual member standard-setters may wish to submit. This submission has been circulated to all AOSSG members for their feedback after having initially been developed through the AOSSG Acquisitions and Reporting Entity Issues Working Group.

AOSSG members understand that the IASB published the ED to avoid risks of changing requirements of IAS 28 *Investments in Associates and Joint Ventures* twice in a short period of time, having acknowledged its tentative decision to separate its project of IAS 28 into two parts: (a) a limited-scope research project that seeks to address application problems arising from the equity method requirements and (b) consideration of the need for a wider research project on the equity method of accounting.

After considering the various views, on balance, AOSSG members agree with the IASB's proposal to defer the effective date of the amendment to avoid changing the IAS 28 requirements twice in a short period of time. However, members are concerned that deferring the effective date

of the amendment following the IASB's thorough due process would impair the credibility of the IASB's standard-setting process and would set a precedent for constituents seeking deferral of effective dates of other standards that are considered to be difficult to implement. Some AOSSG members note that deferring the effective date of the amendment indefinitely would result in the amended requirements becoming effective immediately in their jurisdictions where accounting standards are legislative instruments.

Should the IASB decide to defer the effective date of the amendments indefinitely, some AOSSG members suggest that the conflict between IFRS 10 and the equity method should be dealt with as part of the IASB's fundamental review of the equity method of accounting. This is because the amendment effectively introduces an exception to the general requirements for measuring the gain or loss on the loss of control of a subsidiary and that the issue should be considered comprehensively rather than on a piecemeal basis.

Furthermore, drawing the lesson learnt from the process leading to the proposal, AOSSG members strongly suggest that the IASB carefully re-evaluates whether it is appropriate to separate the equity method project into two parts (that is, a short-term limited amendments and long-term conceptual consideration) given that any short-term amendments to the equity method of accounting could potentially give rise to inconsistencies in its future deliberation. If inconsistencies are identified in the later stage of the project, the IASB may run the risk of seeking another deferral of the effective date of its short-term amendment in the future.

Lastly, the AOSSG members encourage the IASB to examine its due process in place and consider how the IASB could strengthen its process to finalise the Standards, including the effectiveness review of the fatal flaw review process.

If you would like to discuss our comments further, please do not hesitate to contact either one of us.

Yours faithfully,



Clement Chan
AOSSG Chair



Tomo Sekiguchi
AOSSG Acquisitions and Reporting Entity Issues Working Group Leader